S&MM
SALES MARKETING MANAGEMENT

AN S&MM SPECIAL SECTION
Test marketing sharpens the focus
Page 49.

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Scandal at the PX

Marketers go AWOL

Shut down the $3.5 billion PX system? That's what Congress threatens to do if military buyers and those who sell to them don't come clean. Page 30.

Is this any way to sell industrial tools? Page 12.

Inside Out

Industrial sales. The Administration's intention to rewrite depreciation allowances is good news for industrial marketers who are in a lackluster year. S&MM Barometer, Page 15.

Take a shower. Advertising superstar Bruce Jenner loses another job, this time at Minolta. Page 18.

IBM's Data Processing Div. goes after new business—by invading another IBM division's turf. Page 28.

Home is where the heart is, and the heart of today's homeowner market is still the suburbs. Take note: Singles would rather live in their own homes than in apartments. S&MM Marketgraph, Page 38.

Independent reps. Marketing at Stormaster is aimed strictly at its reps and distributors (there's no advertising or trade shows), and it works. Page 41.

Signode Corp. uses its salespeople to keep track of its competition. Division vice president for sales Terry Parker tells how he does it precisely and legally. Page 90.

She done 'em right. Mack Hanan tells how a salesperson won the Best Salesman of the Year award—at one of the companies she sells to. A true account of profitability in action. Page 108.

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What's coming up

The bounty of agrimarketing. There's plenty happening down on the farm, including computer technology, demand for energy-saving equipment, and a reduction in small, family-owned operations. The result for marketers is a wave of new products, competition from abroad, and a requirement to sharpen their selling. Apr. 6.

An S&MM Special Section: Sales Incentives. Results of an exclusive survey on how industrial and consumer goods marketers use merchandise, travel, cash, and other incentives to spur their field sales organizations. S&MM also examines some of the "inputs" in using incentives effectively. Apr. 6.

Mead Data Central. A small arm of Mead Corp. makes a name for itself in the fast-growing data-base market. One of its strengths: devising strategies for selling on-line data to industry. Apr. 6.

The 1981 Survey of Industrial Purchasing Power. Exclusive statistics on shipments of industrial goods organized by SIC code and broken out county-by-county. Apr. 27.

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ABP BPA ABC

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Busting open a market takes money and manpower, right? Stormaster's proving it can be done with little of either.

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equipment sales and installation fees to exceed revenues from audits. Gross sales during ECC's first six months topped $225,000, before all four centers had opened.

Most potential ECC customers, Grossman says, "look at their utility bill every month and don't know what to do except that they have to do something." They often blame inflation when energy waste is the real culprit. Another market segment consists of individuals who are more sophisticated about energy use, but don't know where to go for solutions.

To lure customers to its clinics, ECC uses seminars, direct mail, and radio and newspaper advertising. ECC's strategy now is to open clinics in densely populated areas and gain a reputation for being the only one-stop source of energy conservation information, advice, products, and services.

ECC plans to open 280 franchised clinics within the next three years and buttress them with "a significant marketing operation." But Grossman himself won't be conserving energy. Right now he's the entire sales force.

COMPENSATION

A cooling off for cold cash

The surge in salary-plus-cash incentive plans that marked the last half of the 1970s seems to have levelled off. Although they remain the most popular compensation method, because they, like noncash incentives (travel, merchandise, recognition awards, etc.), enable a company to point salespeople toward specific marketing goals, the proportion of manu-

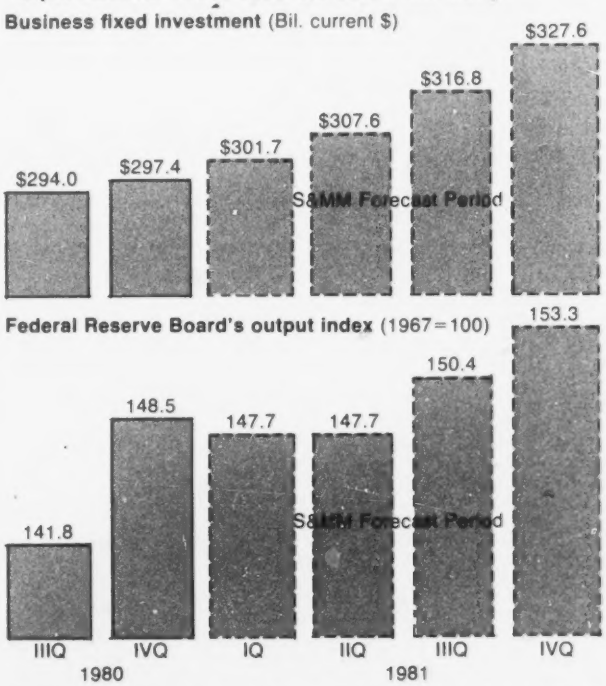
S&MM BAROMETER

Appreciating depreciations

Advice to industrial marketers: rush your salespeople to Washington to pressure Congress to speed the enactment of the Administration's proposed faster depreciation rates. The White House's plan to accelerate write-offs on equipment, retroactive to Jan. 1, could perk up a lackluster year of spending by businesses.

The Barometer projects such spending to post quarter-to-quarter gains of 3.0% in the 3rd quarter and 3.4% in the 4th quarter vs. tepid 1.4% and 2.0% rises in the first two stanzas, respectively. However, when the inflationary rise of capital durable goods is taken into consideration, those gains transmute into a decline. Merrill Lynch Economics, for example, projects 4th quarter spending, in 1972$, to be slightly below 1st quarter levels and appreciably under last year's 3rd quarter.

High interest rates, a crushing tax burden, and lukewarm activity in the critical auto and housing industries are fingered as the chief culprits. More generous depreciations could ease the strain for many.



Sources: Consensus forecast of Argus Research, Chase Econometrics, Chemical Bank, Data Resources, Evans Economics, Goldman Sachs, Manufacturers Hanover, Merrill Lynch Economics, Shilling & Co.

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facturing firms using them remained unchanged between 1978 and 1980. That's the conclusion of the Research Institute of America's (RIA) latest compensation survey.

However, the RIA survey shows also that companies that favor cash incentives now tend to make them a bigger part of the pay package. More than half of the manufacturers (55%) during the two-year period altered pay plans to include more cash incentives, up from 49% in 1978. Meanwhile, a sizable 30%, vs. 24% in 1978, tilted their plans so that salary played a larger role in total compensation, indicating that there is still considerable experimentation going on as to what type of carrot to dangle. The least popular compensation plan, the RIA found, continues to be straight salary.

Methods of sales compensation

	1975	1978	1980
	% of Manufacturing Firms		
Straight salary	38%	33%	31%
Salary-plus-commission	24	26	25
Salary-plus-incentive	24	34	34
Other[1]	20	27	25

[1]Straight commission, commission against draw, salary plus commission plus incentive. Note: Details adds to more than 100% because some companies use more than one sales pay plan.
Source: Research Institute of America, *Sales Compensation '80.*
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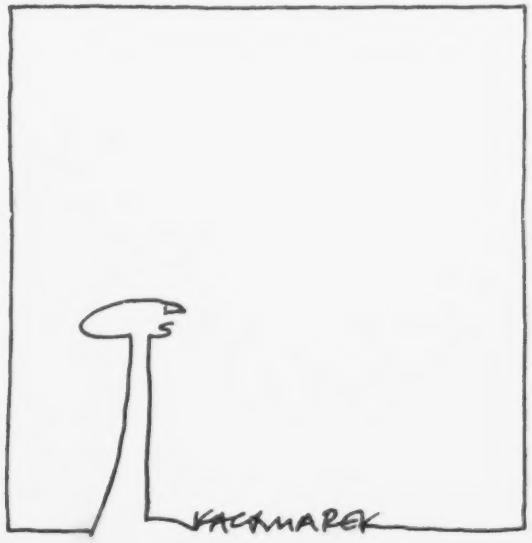
Whatever form sales incentives take, they have lost none of their appeal. An S&MM Special Section on sales incentives, to appear in the April 6 issue, shows that two out of three companies surveyed by S&MM rate them as vital to reaching their sales goals.



"YOU CAN'T BE IN TWO PLACES AT ONCE."

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PREMIUMS & INCENTIVES

A mixed bag for marketers

Suppliers of premiums and incentives are scrambling to develop more small accounts now that slow-downs in key user industries such as automotive have put a crimp in their sales. But many of the exhibitors at last month's Incentive Conference and Exhibitors Showcase (ICES) in Los Angeles probably feel the same way about developing new markets as A.J. Martin. Martin, president, Top Brands, Oshkosh, WI, says "It's really healthy for all of us."

J.J. Gubbins, incentive sales director, Sheraton Corp., Chicago, went even further. Said Gubbins, "We sales executives should love this tough market. It gives us a chance to show what we can do."

Most ICES exhibitors who were queried by S&MM are positive about their prospects for 1981. They said their clients are maintaining their incentive budgets and often are trading up to higher-quality merchandise. Another sign of the times: "Before," says Gene Knapp Jr., sales manager, spe-

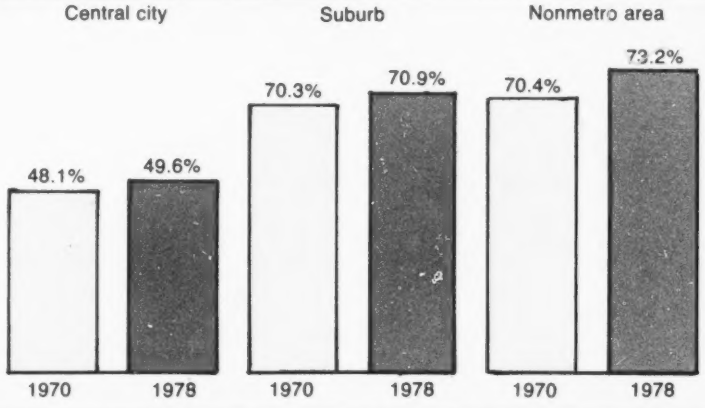
S&MM MARKETGRAPH

The homeowner market: Still growing, but . . .

Despite soaring price tags on new homes, greater numbers of Americans opted for their own dream castles in the 1970s. Home ownership ratios rose from 62.9% in 1970 to 65.2% in 1978, according to the latest annual housing survey by the Census Bureau and the Dept. of Housing and Urban Development, as canny consumers saw housing as the best inflation hedge around. Suburban homeowners increased the fastest, up 31% vs. 28% in nonmetro areas, 13% in central cities. A startling trend: singles opted for their own homes faster than for apartments: up 59% vs. 50%. Future prospects of home ownership in the 1980s are clouded by volatile mortgage rates, continued double-digit inflation, and the failure of family income to keep pace with ballooning housing costs.

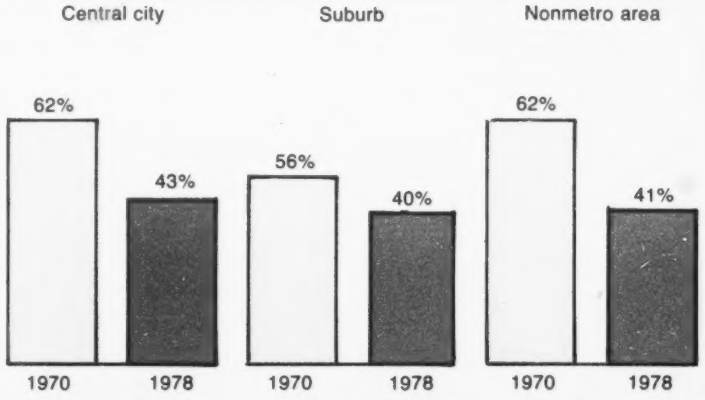
The joy of owning

Homeowner % of all occupied units



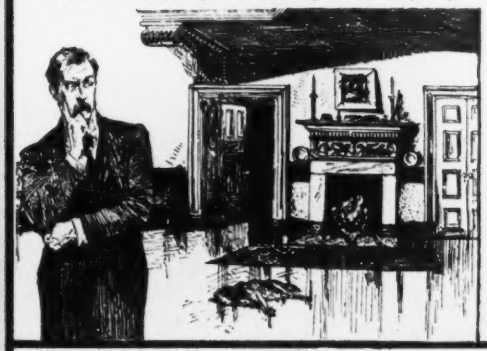
A willingness to go into debt

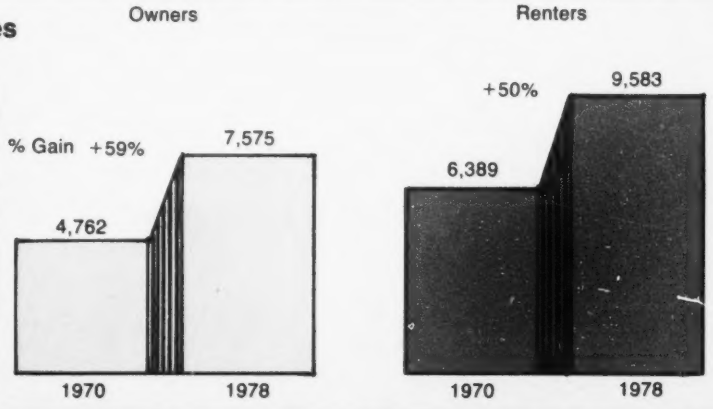
Median income as % of value of owned home



More singles own their own homes

Number of one-person occupied units (000)





Tom Lorz

Sources: S&MM calculations; Census Bureau and U.S. Dept. of Housing and Urban Development, *Annual Housing Survey: 1978, Series H-150-78, Part A.*

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